

Nam Seng Insurance Public Company Limited
Review report and interim financial statements
31 March 2014

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Nam Seng Insurance Public Company Limited

I have reviewed the accompanying statement of financial position of Nam Seng Insurance Public Company Limited as at 31 March 2014, the related statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 9 May 2014

Nam Seng Insurance Public Company Limited**Statements of financial position****As at 31 March 2014**

		(Unit: Baht)	
	<u>Note</u>	<u>31 March 2014</u>	<u>31 December 2013</u>
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	2	193,198,122	161,737,384
Accrued investment income		13,249,732	14,546,395
Premium receivables	3	173,217,531	192,930,630
Reinsurance assets	4	316,106,267	317,526,926
Investment assets			
Investments in securities	5		
Trading investments		45,996,113	41,710,431
Available-for-sale investments		280,037,005	242,067,840
Held-to-maturity investments		1,673,755,351	1,680,726,285
Other investments		2,223,020	2,223,020
Loans	6	6,519,881	7,074,276
Properties foreclosed		13,535,737	15,148,501
Property, buildings and equipment	7	153,000,351	155,621,889
Intangible assets	8	1,707,003	1,693,134
Deferred tax assets	9	97,253,457	83,912,078
Other assets	10	70,234,786	48,217,772
Total assets		<u><u>3,040,034,356</u></u>	<u><u>2,965,136,561</u></u>

The accompanying notes are an integral part of the financial statements.

Nam Seng Insurance Public Company Limited
Statements of financial position (continued)
As at 31 March 2014

	Note	31 March 2014 (Unaudited but reviewed)	(Unit: Baht) 31 December 2013 (Audited)
Liabilities and equity			
Liabilities			
Income tax payable		27,335,821	12,039,464
Due to reinsurers	11	155,159,027	157,298,309
Insurance contract liabilities			
Loss reserves and outstanding claims	12	637,678,106	604,279,480
Premium reserve	13.1	865,227,596	832,842,359
Employee benefit obligations		37,802,805	48,697,557
Accrued commissions		36,478,350	41,251,535
Premium received in advance		14,824,128	22,257,344
Dividend payable		90,350,000	-
Other liabilities	14	78,598,996	73,610,230
Total liabilities		<u>1,943,454,829</u>	<u>1,792,276,278</u>
Equity			
Share capital			
Registered			
20,000,000 ordinary shares of Baht 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued and paid-up			
13,900,000 ordinary shares of Baht 10 each		139,000,000	139,000,000
Premium on share capital		594,436,835	594,436,835
Retained earnings			
Appropriated			
Legal reserve		24,848,787	24,848,787
General reserve		6,163,850	6,163,850
Unappropriated		333,517,298	416,875,811
Other components of equity		<u>(1,387,243)</u>	<u>(8,465,000)</u>
Total equity		<u>1,096,579,527</u>	<u>1,172,860,283</u>
Total liabilities and equity		<u>3,040,034,356</u>	<u>2,965,136,561</u>
		-	-

The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited
Statement of comprehensive income
For the three-month period ended 31 March 2014

		(Unit: Baht)	
	Note	2014	2013
Income			
Net earned premium	15	388,262,975	334,035,879
Fee and commission income	15	9,044,258	6,703,962
Total income		<u>397,307,233</u>	<u>340,739,841</u>
Expenses			
Underwriting			
Claims expenses			
Claims and losses adjustment expenses	15	236,457,752	193,177,065
Commission and brokerage expenses	15	70,423,661	79,787,054
Other underwriting expenses	15	10,003,055	9,059,704
Contribution to Road Accident Victims Protection			
Company Limited	15	4,953,487	4,946,979
Operating expenses	15, 16	84,339,313	61,234,107
Total underwriting expenses		<u>406,177,268</u>	<u>348,204,909</u>
Losses from underwriting		(8,870,035)	(7,465,068)
Net investment income		17,825,204	44,338,292
Gains on investments		20,888	21,687,005
Fair value gains		1,444,684	8,492,673
Other income			
Gain on sale of assets		873,137	15,396
Other		427,849	480,423
Profit from operations		<u>11,721,727</u>	<u>67,548,721</u>
Contribution to the Office of Insurance Commission		(1,365,171)	(1,389,247)
Contribution to the General Insurance Fund		(1,137,414)	(1,157,705)
Contribution to the Victims Compensation Fund		(404,366)	(403,835)
Profit before income tax expenses		<u>8,814,776</u>	<u>64,597,934</u>
Income tax expenses	9	(1,823,289)	(7,380,739)
Profit for the period		<u>6,991,487</u>	<u>57,217,195</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited
Statement of comprehensive income (continued)
For the three-month period ended 31 March 2014

		(Unit: Baht)	
	Note	2014	2013
Other comprehensive income			
Gains (losses) on changes in values of available-for-sale investments		8,847,196	(5,727,266)
Income tax relating to components of other comprehensive income	9	(1,769,439)	1,145,453
Other comprehensive income for the period - net of tax		<u>7,077,757</u>	<u>(4,581,813)</u>
Total comprehensive income for the period		<u><u>14,069,244</u></u>	<u><u>52,635,382</u></u>
Earning per share			
Basic earning per share			
Profit for the period		<u>0.50</u>	<u>4.12</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited
Statement of changes in equity
For the three-month period ended 31 March 2014

	Issued and paid-up share capital	Premium on share capital	Retained earnings		Unappropriated	Surplus (deficit) on changes in values of available- for-sale investments	Total
			Statutory reserve	Other			
Balance as at 1 January 2013	139,000,000	594,436,835	24,848,787	6,163,850	247,765,755	29,684,430	1,041,899,657
Total comprehensive income for the period	-	-	-	-	57,217,195	(4,581,813)	52,635,382
Balance as at 31 March 2013	139,000,000	594,436,835	24,848,787	6,163,850	304,982,950	25,102,617	1,094,535,039
Balance as at 1 January 2014	139,000,000	594,436,835	24,848,787	6,163,850	416,875,811	(8,465,000)	1,172,860,283
Dividend paid (Note 21)	-	-	-	-	(90,350,000)	-	(90,350,000)
Total comprehensive income for the period	-	-	-	-	6,991,487	7,077,757	14,069,244
Balance as at 31 March 2014	139,000,000	594,436,835	24,848,787	6,163,850	333,517,298	(1,387,243)	1,096,579,527

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statement of cash flows

For the three-month period ended 31 March 2014

	(Unit: Baht)	
	2014	2013
Cash flows from operating activities		
Direct premium written	467,629,035	448,838,744
Cash received (paid) for reinsurance	(12,738,301)	26,286,188
Losses incurred of direct insurance	(194,728,346)	(193,114,234)
Losses adjustment expenses of direct insurance	(23,149,887)	(21,705,696)
Commissions and brokerages of direct insurance	(75,170,635)	(75,429,894)
Other underwriting expenses	(14,956,542)	(14,006,683)
Interest income	16,241,327	12,987,141
Dividend income	2,880,541	29,578,257
Other investment income	(195,830)	(323,033)
Other income	1,300,987	495,818
Operating expenses	(93,314,386)	(68,854,543)
Other expenses	(1,637,749)	(5,182,220)
Income tax	(15,946,669)	(15,805,212)
Net cash from operating activities	56,213,545	123,764,633
Cash flows from investing activities		
Cash flows from		
Investments in securities	484,078,536	485,800,808
Loans	684,395	729,966
Property, building and equipment	53,267	28,598
Net cash from investing activities	484,816,198	486,559,372
Cash flows used in		
Investments in securities	(508,853,851)	(573,320,198)
Loans	(130,000)	(169,945)
Property, building and equipment	(585,154)	(675,815)
Net cash used in investing activities	(509,569,005)	(574,165,958)
Net cash used in investing activities	(24,752,807)	(87,606,586)
Net increase in cash and cash equivalents	31,460,738	36,158,047
Cash and cash equivalents at beginning of period	161,737,384	66,386,951
Cash and cash equivalents at end of period	193,198,122	102,544,998

The accompanying notes are an integral part of the financial statements.

Nam Seng Insurance Public Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2014

1. General information

1.1 Corporate information

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of non-life insurance. The Company’s registered office is located at 767 Krungthep-Nonthaburi Road, Bangsue, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standards No. 34 (revised 2009) “Interim Financial Reporting” and the Declaration of the Insurance Commission dated 27 May 2010, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 The impact from the severe flooding

In the fourth quarter of 2011, there was severe flooding in Thailand. The floods materially affected the financial statements of the Company, with the financial impact of the floods reflected in the financial statements until 31 March 2014 are as follows:

(Unit: Million Baht)

	Gross claims	Claims refundable		Net claims
		from reinsurers		
		Agreed	Reserve	
Loss reserves and outstanding claims	133	-	(95)	38
Claims paid	269	(239)	-	30
Total	402	(239)	(95)	68
Claims reserve refundable from reinsurance under Excess of Loss contracts				(3)
Claims refundable from reinsurance under Excess of Loss contracts received				(26)
Net claims expense - statement of comprehensive income				39
Less: Net claims expense - statement of comprehensive income 2011 - 2013				(40)
Net claims expense - statement of comprehensive income in the first quarter of 2014				(1)

The Company currently set aside loss reserves and insurance reserve refundable from reinsurers based on best estimates, with reference to supporting documentation and surveyors' reports.

1.4 New accounting standards

Below is a summary of accounting standards that became effective in the current accounting period and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting period

The Company disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The management of the Company has assessed the effect of the above accounting standard, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations and believes that they are not relevant to the business of the Company or do not have a significant impact.

(b) Accounting standards that will become effective in the future

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes it is not relevant to the business of the Company, except TFRS 4 Insurance contract, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013.

2. Cash and cash equivalents

	(Unit: Baht)	
	31 March 2014	31 December 2013
Cash on hand	385,081	242,398
Deposits at banks with no fixed maturity date	192,813,041	161,494,986
Deposits at banks with fixed maturity date	995,000,000	985,000,000
Total cash and deposits at financial institutions	1,188,198,122	1,146,737,384
Less: Deposits at banks which amount maturing in over 3 months	(995,000,000)	(985,000,000)
Cash and cash equivalents	<u>193,198,122</u>	<u>161,737,384</u>

3. Premium receivables

The balances as at 31 March 2014 and 31 December 2013 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	31 March 2014			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	2,848,686	24,871,710	-	27,720,396
Not over 30 days	1,959,518	115,671,759	26,076	117,657,353
Over 30 days to 60 days	3,078,029	28,894,499	2,269	31,974,797
Over 60 days to 90 days	4,560,387	10,168,010	-	14,728,397
Over 90 days to 1 year	668,679	11,591,741	53,376	12,313,796
Over 1 year	13,141	10,917,527	-	10,930,668
Total premium receivables	13,128,440	202,115,246	81,721	215,325,407
Less: Allowance for doubtful accounts	(5,255,643)	(36,852,233)	-	(42,107,876)
Premium receivables, net	<u>7,872,797</u>	<u>165,263,013</u>	<u>81,721</u>	<u>173,217,531</u>

(Unit: Baht)

	31 December 2013			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	3,385,452	27,833,213	-	31,218,665
Not over 30 days	671,599	130,350,214	37,028	131,058,841
Over 30 days to 60 days	1,808,031	30,693,116	158,046	32,659,193
Over 60 days to 90 days	662,050	6,053,602	7,046	6,722,698
Over 90 days to 1 year	380,541	3,343,268	-	3,723,809
Over 1 year	13,141	11,319,040	-	11,332,181
Total premium receivables	6,920,814	209,592,453	202,120	216,715,387
Less: Allowance for doubtful accounts	(1,056,378)	(22,728,379)	-	(23,784,757)
Premium receivables, net	<u>5,864,436</u>	<u>186,864,074</u>	<u>202,120</u>	<u>192,930,630</u>

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

4. Reinsurance assets

	(Unit: Baht)	
	31 March 2014	31 December 2013
Amounts deposit on reinsurance	2,929	2,929
Amounts due from reinsurers	108,960,399	116,215,319
Insurance reserve refundable from reinsurers	209872,939	204,038,678
Reinsurance assets	318,836,267	320,256,926
Less : Allowance for doubtful accounts	(2,730,000)	(2,730,000)
Reinsurance assets - net	<u>316,106,267</u>	<u>317,526,926</u>

Insurance reserve refundable from reinsurers as at 31 March 2014 includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 98 million as described in Note 1.3 to the financial statements (31 December 2013: Baht 93 million).

The balances as at 31 March 2014 and 31 December 2013 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	31 March 2014	31 December 2013
Not over 12 months	108,959,984	116,214,904
Over 2 years	415	415
Total amounts due from reinsurers	<u>108,960,399</u>	<u>116,215,319</u>

5. Investments in securities

	(Unit: Baht)			
	31 March 2014		31 December 2013	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	42,246,010	44,818,617	38,272,075	39,400,336
Unit trusts	1,172,211	1,177,496	2,305,149	2,310,095
Total	43,418,221	45,996,113	40,577,224	41,710,431
Add: Unrealised gains	2,577,892	-	1,133,207	-
Total trading investments	<u>45,996,113</u>	<u>45,996,113</u>	<u>41,710,431</u>	<u>41,710,431</u>
Available-for-sale investments				
Equity securities	15,273,610	19,349,570	15,273,610	18,912,196
Unit trusts	266,497,448	260,687,435	237,375,479	223,155,644
Total	281,771,058	280,037,005	252,649,089	242,067,840
Add: Unrealised losses	(1,734,053)	-	(10,581,249)	-

(Unaudited but reviewed)

Total available-for-sale investments	280,037,005	280,037,005	242,067,840	242,067,840
	(Unit: Baht)			
	31 March 2014		31 December 2013	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Held-to-maturity investments				
Government and state enterprise securities	533,315,249		514,726,285	
Private enterprise debt securities	145,440,102		158,000,000	
Deposits at commercial banks	995,000,000		1,008,000,000	
Total held-to-maturity investments	1,673,755,351		1,680,726,285	
Other investments				
Equity securities	2,223,020		2,223,020	
Total other investments	2,223,020		2,223,020	

Investments in debt securities as at 31 March 2014 and 31 December 2013 will be matured redemption as follows:

	(Unit: Baht)			
	31 March 2014			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity investments				
Government and state enterprise securities	103,395,049	257,249,534	172,670,666	533,315,249
Private enterprise debt securities	88,000,000	50,000,000	7,440,102	145,440,102
Deposits at commercial banks	905,000,000	90,000,000	-	995,000,000
Total investments in debt securities	1,096,395,049	397,249,534	180,110,768	1,673,755,351
	(Unit: Baht)			
	31 December 2013			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity investments				
Government and state enterprise securities	100,539,512	241,405,003	172,781,770	514,726,285
Private enterprise debt securities	83,000,000	60,000,000	15,000,000	158,000,000
Deposits at commercial banks	933,000,000	75,000,000	-	1,008,000,000
Total investments in debt securities	1,116,539,512	376,405,003	187,781,770	1,680,726,285

As at 31 March 2014 and 31 December 2013, certain bonds have been pledged with the Registrar of the Office of Insurance Commission and have been placed as a security in the normal course of business as discussed in Notes 18, 19 and 20.

6. Loans

As at 31 March 2014 and 31 December 2013, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit: Baht)

Outstanding period	31 March 2014						
	Mortgage loans		Other		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	6,071,920	1,836	447,961	-	6,519,881	1,836	6,521,717
Overdue							
More than 12 months	-	-	518,373	-	518,373	-	518,373
Total	6,071,920	1,836	966,334	-	7,038,254	1,836	7,040,090
Less: Allowance for doubtful accounts	-	-	(518,373)	-	(518,373)	-	(518,373)
Loans and accrued interest, net	6,071,920	1,836	447,961	-	6,519,881	1,836	6,521,717

(Unit: Baht)

Outstanding period	31 December 2013						
	Mortgage loans		Other		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	6,508,862	2,571	565,414	33	7,074,276	2,604	7,076,880
Overdue							
More than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	6,508,862	2,571	879,940	203,880	7,388,802	206,451	7,595,253
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and accrued interest, net	6,508,862	2,571	565,414	33	7,074,276	2,604	7,076,880

The credit limit on employee loans that are secured by personal guarantees is set at 20 times the employee's monthly salary, and may not exceed Baht 500,000. If loans are secured by the mortgage of property, the credit limit is 90% of the assessed value of the property. Also taken into account is the purpose of the loan, ability to settle the debt, while the interest rate may be set higher or lower than MLR of a commercial bank.

7. Property, buildings and equipment

The movement of property, buildings and equipment for the three-month period ended 31 March 2014 are as follows:

(Unit: Baht)

	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Net book value as at						
1 January 2014	103,472,866	36,530,548	11,316,910	3,676,065	625,500	155,621,889
Additions - at cost	-	-	258,741	-	-	258,741
Transfer in (out)	-	-	-	-	82,412	82,412
Disposals - net book value	-	-	(26)	-	-	(26)
Depreciation changes for the period	-	(1,290,232)	(1,369,086)	(303,347)	-	(2,962,665)
Net book value as at 31 March 2014	<u>103,472,866</u>	<u>35,240,316</u>	<u>10,206,539</u>	<u>3,372,718</u>	<u>707,912</u>	<u>153,000,351</u>

8. Intangible assets

(Unit: Baht)

	Computer software
Net book values as at 1 January 2014	1,693,134
Additions - at cost	244,000
Amortisation charge for the period	(230,131)
Net book value as at 31 March 2014	<u>1,707,003</u>

9. Income tax

Income tax expenses for the three-month periods ended 31 March 2014 and 2013 are made up as follows:

(Unit: Baht)

	For the three-month periods ended 31 March	
	2014	2013
Current income tax:		
Interim income tax charge	16,934,106	16,570,040
Deferred tax:		
Relating to origination and reversal of temporary differences	(15,110,817)	(9,189,301)
Income tax expense reported in the statements of	<u>1,823,289</u>	<u>7,380,739</u>

(Unaudited but reviewed)

comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2014 and 2013 are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2014	2013
Deferred tax relating to gains (losses) on changes in value of available-for-sale investments	(1,769,439)	1,145,453

Reconciliation between income tax expenses and the product of accounting profits multiplied by the applicable tax rates for the three-month periods ended 31 March 2014 and 2013:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2014	2013
Accounting profits before tax	8,814,776	64,597,934
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,762,955	12,919,587
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	60,334	(5,538,848)
Income tax expenses reported in the statements of comprehensive income	1,823,289	7,380,739

The components of deferred tax assets are as follows:

	(Unit: Baht)	
	31 March 2014	31 December 2013
Deferred tax assets:		
Allowance for doubtful debts	10,640,284	7,020,344
Premium reserves	36,437,075	28,925,451
Provision for losses incurred but not yet reported (IBNR)	9,438,119	9,249,645
Loss reserves	34,728,815	30,718,547
Provision for long-term employee benefits	6,177,931	6,108,484
Unrealised losses on changes in values of available-for-sale investments	346,811	2,116,249
Unrealised gain on changes in values of trading investment	(515,578)	(226,642)
Deferred tax assets	97,253,457	83,912,078

(Unaudited but reviewed)

10. Other assets

	(Unit: Baht)	
	31 March 2014	31 December 2013
Advances	971,629	1,950,630
Prepaid expenses	14,232,563	19,676,655
Undue input tax	3,161,240	4,118,579
Claim receivable from litigants	3,663,419	2,095,034
Notes receivable	38,930,472	8,787,489
Others	9,275,463	11,589,385
Total other assets	<u>70,234,786</u>	<u>48,217,772</u>

11. Due to reinsurers

	(Unit: Baht)	
	31 March 2014	31 December 2013
Outward premium payables	123,517,426	125,595,183
Amounts withheld on reinsurance	31,641,601	31,703,126
Total due to reinsurers	<u>155,159,027</u>	<u>157,298,309</u>

12. Loss reserves and outstanding claims

	(Unit: Baht)	
	31 March 2014	31 December 2013
Beginning Balance	604,279,480	882,432,492
Claims and losses adjustment expenses		
for the period	253,513,704	878,395,979
Change in claims and losses adjustment expenses paid		
of the prior period	(2,236,845)	(179,441,997)
Claims and losses adjustment expenses paid		
during the period	<u>(217,878,233)</u>	<u>(977,106,994)</u>
Ending balance	<u>637,678,106</u>	<u>604,279,480</u>

As at 31 March 2014 and 31 December 2013 the Company, which is reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 0.2 million and Baht 0.3 million, respectively.

Loss reserves and outstanding claims as at 31 March 2014 include loss reserves and outstanding claims from flooding claim amounting to Baht 133 million as described in Note 1.3 to the financial statements (31 December 2013: Baht 136 million).

13. Premium reserve**13.1 Unearned premium reserves**

	(Unit: Baht)	
	31 March 2014	31 December 2013
Beginning balance	832,842,359	703,776,210
Premium written for the period	455,057,058	1,696,522,213
Premium earned for the current period	(422,671,821)	(1,567,456,064)
Ending balance	<u>865,227,596</u>	<u>832,842,359</u>

13.2 Unexpired risk reserves

	(Unit: Baht)	
	31 March 2014	31 December 2013
Beginning balance	567,723,347	529,248,679
Estimated claims for the period	306,599,145	1,219,021,108
Risk expired during the period	(284,366,301)	(1,180,546,442)
Ending balance	<u>589,956,191</u>	<u>567,723,345</u>

14. Other liabilities

	(Unit: Baht)	
	31 March 2014	31 December 2013
Account payable - Revenue Department	8,476,726	5,392,008
Withholding tax payable	2,006,297	1,379,401
Undue output tax	11,758,167	12,547,263
Accrued expenses	13,878,014	19,735,677
Deposits from brokers	16,431,069	13,541,873
Others	26,048,723	21,014,008
Total other liabilities	<u>78,598,996</u>	<u>73,610,230</u>

15. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the three-month period ended 31 March 2014 is as follows:

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	10,978,619	4,379,250	400,631,559	27,902,420	11,276,577	455,168,425
Less: Premium ceded	(8,645,670)	(3,374,687)	(7,319,340)	(8,733,438)	(9,833,524)	(37,906,659)
Net premium written	2,332,949	1,004,563	393,312,219	19,168,982	1,443,053	417,261,766
Add (less): Unearned premium reserve	1,173,315	(454,511)	(29,756,683)	(1,227,502)	1,266,590	(28,998,791)
Earned premium	3,506,264	550,052	363,555,536	17,941,480	2,709,643	388,262,975
Fee and commission income	4,024,235	1,175,333	-	2,769,728	1,074,962	9,044,258
Total underwriting income	7,530,499	1,725,385	363,555,536	20,711,208	3,784,605	397,307,233
Underwriting expenses						
Claims and losses adjustment expenses						
Commission and brokerage expenses	379,352	299,277	225,265,615	10,015,261	498,247	236,457,752
Other underwriting expenses	2,227,058	562,746	62,478,628	3,524,857	1,630,372	70,423,661
Contribution to Road Accident Victims Protection Co., Ltd.	310,728	234,601	8,057,938	1,011,685	388,103	10,003,055
Total underwriting expenses before operating expenses	-	-	4,953,487	-	-	4,953,487
Operating expenses	2,917,138	1,096,624	300,755,668	14,551,803	2,516,722	321,837,955
Total underwriting expenses	2,917,138	1,096,624	300,755,668	14,551,803	2,516,722	321,837,955
						84,339,313
						406,177,268

(Unaudited but reviewed)

Underwriting information classified by insurance categories for the three-month period ended 31 March 2013 is as follows:

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
						(Unit: Baht)
Underwriting income						
Premium written	11,689,581	5,145,958	427,009,880	18,252,684	5,030,620	467,128,723
Less: Premium ceded	(6,952,804)	(4,118,199)	(9,857,531)	(5,307,389)	(2,232,710)	(28,468,633)
Net premium written	4,736,777	1,027,759	417,152,349	12,945,295	2,797,910	438,660,090
Add (less): Unearned premium reserve	(2,051,280)	354,085	(104,890,431)	709,749	1,253,666	(104,624,211)
Earned premium	2,685,497	1,381,844	312,261,918	13,655,044	4,051,576	334,035,879
Fee and commission income	3,313,591	1,335,840	-	1,504,418	550,113	6,703,962
Total underwriting income	5,999,088	2,717,684	312,261,918	15,159,462	4,601,689	340,739,841
Underwriting expenses						
Claims and losses adjustment expenses	694,562	(545,790)	181,716,584	12,623,692	(1,311,983)	193,177,065
Commission and brokerage expenses	3,789,826	686,132	71,412,173	3,299,232	599,691	79,787,054
Other underwriting income	257,104	268,820	7,180,240	965,068	388,472	9,059,704
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	4,946,979	-	-	4,946,979
Total underwriting expenses before operating expenses	4,741,492	409,162	265,255,976	16,887,992	(323,820)	286,970,802
Operating expenses						61,234,107
Total underwriting expenses						348,204,909

(Unaudited but reviewed)

16. Operating expenses

(Unit: Baht)

For the three-month periods ended
31 March

	2014	2013
Personnel expenses which are not expenses for underwriting and claims	20,194,884	14,740,952
Property and equipment expenses which are not expenses for underwriting	21,680,661	16,742,237
Taxes and duties	253,558	256,319
Bad debts and doubtful accounts	18,323,118	6,942,703
Other operating expenses	23,887,092	22,551,896
Total operating expenses	<u>84,339,313</u>	<u>61,234,107</u>

17. Related party transactions

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship with the Company
Dung Seng Insurance Broker Co., Ltd.	Related by way of common shareholder
Asia Hotel Plc.	Related by way of common directors
Asia Pattaya Hotel Co., Ltd.	Related by way of common directors
Zeer Property Plc.	Related by way of common directors
Asia Airport Hotel Co., Ltd.	Related by way of common directors
N.S.B. Co., Ltd.	Related by way of common directors and shareholding

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unaudited but reviewed)

(Unit: Baht)

For the three-month periods ended 31 March

	2014	2013
Premium written		
Dung Seng Insurance Broker Co., Ltd. ⁽¹⁾	252,629,511	302,210,797
Asia Hotel Plc.	-	5,611
Zeer Property Plc.	-	3,664
Asia Pattaya Hotel Co., Ltd.	600	600
Commission paid		
Dung Seng Insurance Broker Co., Ltd.	44,314,675	52,948,647
Rental of building space		
N.S.B. Co., Ltd.	320,675	316,476
Service fee of building space		
N.S.B. Co., Ltd.	5,110,499	5,030,362

⁽¹⁾ Premium written from non-life insurance brokers

	Transfer pricing policy
Premium written	Normal commercial terms for underwriting
Commission paid	Consistent with those paid to other brokers and not exceed the rate stipulated by the Office of Insurance Commission
Rental of building space	Contract price
Service fee of building space	Contract price

As at 31 March 2014 and 31 December 2013, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	31 March 2014	31 December 2013
Premium receivables (net of notes receivable from agent)		
Dung Seng Insurance Broker Co., Ltd.	115,062,175	132,842,037
Prepaid rental and service fee of building space		
N.S.B. Co., Ltd.	14,074,842	19,450,101
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	19,461,075	22,629,593

Directors and management's remuneration

In the three-month periods ended 31 March 2014 and 2013, the Company had salaries, bonus, meeting allowances, gratuities and post-employment benefits of its directors and management recognised as expenses totaling Baht 4.1 million and Baht 3.5 million, respectively.

18. Securities placed with the Registrar

As at 31 March 2014 and 31 December 2013, the Company has pledged its securities with the Registrar in accordance with the Non-life Insurance Act as follows:

(Unit: Baht)

	31 March 2014		31 December 2013	
	Cost	Fair value	Cost	Fair value
Government bonds	14,000,000	14,183,048	14,000,000	14,155,684

19. Assets reserved with the Registrar

As at 31 March 2014 and 31 December 2013, the Company has pledged its securities as non-life insurance reserve with the Registrar in accordance with the Non-life Insurance Act as follows:

(Unit: Baht)

	31 March 2014		31 December 2013	
	Cost	Fair value	Cost	Fair value
Government bonds	208,000,000	212,195,450	208,000,000	211,156,472

20. Collateralised assets

As at 31 March 2014 and 31 December 2013, the Company has collateralised assets as follows:

(Unit: Baht)

		31 March 2014	31 December 2013
Government bonds	- As collateral for bail bonds	10,570,000	10,570,000
	- As collateral for drivers guarantee	500,000	900,000
	- As collateral for electrical usage	300,000	300,000
	- As collateral for bank overdrafts	10,000,000	10,000,000
	- As collateral for maintenance contracts	500,000	500,000
Government saving bank lottery	- As collateral for Bank for Agriculture and Agricultural Cooperatives	2,000,000	2,000,000
	- As collateral for bail bonds	450,000	200,000
Total		24,320,000	24,470,000

21. Dividend paid

Dividend declared during the period consists of the following:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2013	Annual General Meeting of the shareholders on 31 March 2014	90.35	6.50

22. Segment information

For management purposes, the Company are organised into business units based on non-life insurance and have two reportable segments which are motor insurance and others insurance.

The following tables present revenue and profit regarding the Company' operating segments for the three-month periods ended 31 March 2014 and 2013, respectively.

	(Unit: Baht)					
	Motor		Others		Total	
	2014	2013	2014	2013	2014	2013
Underwriting income						
Premium written	400,631,559	427,009,880	54,536,866	40,118,843	455,168,425	467,128,723
Less: Premium ceded	(7,319,340)	(9,857,531)	(30,587,319)	(18,611,102)	(37,906,659)	(28,468,633)
Add (less): Unearned premium reserve	(29,756,683)	(104,890,431)	757,892	266,220	(28,998,791)	(104,624,211)
Earned premium	363,555,536	312,261,918	24,707,439	21,773,961	388,262,975	334,035,879
Fee and commission income	-	-	9,044,258	6,703,962	9,044,258	6,703,962
Total underwriting income	<u>363,555,536</u>	<u>312,261,918</u>	<u>33,751,697</u>	<u>28,477,923</u>	<u>397,307,233</u>	<u>340,739,841</u>
Underwriting expenses						
Claims and losses adjustment expenses	225,265,615	181,716,584	11,192,137	11,460,481	236,457,752	193,177,065
Commission and brokerage expenses	62,478,628	71,412,173	7,945,033	8,374,881	70,423,661	79,787,054
Other underwriting expenses	8,057,938	7,180,240	1,945,117	1,879,464	10,003,055	9,059,704
Contribution to Road Accident Victims Protection Co., Ltd.	4,953,487	4,946,979	-	-	4,953,487	4,946,979
Operating expenses	84,339,313	61,234,107	-	-	84,339,313	61,234,107
Total underwriting expenses	<u>385,094,981</u>	<u>326,490,083</u>	<u>21,082,287</u>	<u>21,714,826</u>	<u>406,177,268</u>	<u>348,204,909</u>
Profit (loss) from underwriting	<u>(21,539,445)</u>	<u>(14,228,165)</u>	<u>12,669,410</u>	<u>6,763,097</u>	<u>(8,870,035)</u>	<u>(7,465,068)</u>
Net investment income					17,825,204	44,338,292
Gains on investments					20,888	21,687,005
Fair value gains					1,444,684	8,492,673
Other income					1,300,986	495,819
Profit from operation					<u>11,721,727</u>	<u>67,548,721</u>
Contribution to the Office of Insurance Commission					(1,365,171)	(1,389,247)
Contribution to the General Insurance Fund					(1,137,414)	(1,157,705)
Contribution to the Victims Compensation Fund					(404,366)	(403,835)
Profit before income tax expenses					<u>8,814,776</u>	<u>64,597,934</u>
Income tax expenses					(1,823,289)	(7,380,739)
Profit for the period					<u><u>6,991,487</u></u>	<u><u>57,217,195</u></u>

(Unaudited but reviewed)

Segments assets and liabilities as at 31 March 2014 and 31 December 2013 are as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
Assets				
31 March 2014	165,104,084	324,219,714	2,550,710,558	3,040,034,356
31 December 2013	184,017,947	326,439,609	2,454,679,005	2,965,136,561
Liabilities				
31 March 2014	1,269,049,125	440,318,082	234,087,622	1,943,454,829
31 December 2013	1,222,230,325	435,698,702	134,347,251	1,792,276,278

For the three-month period ended 31 March 2014, the Company has revenue from one major broker in amount of Baht 242 million (2013: 291 Baht), arising from sales by the motor segment.

23. Commitments and contingent liabilities

23.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space. The terms of the agreements are generally between 3 and 20 years.

As at 31 March 2014 and 31 December 2013, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	(Unit: Million Baht)	
	31 March 2014	31 December 2013
Payable:		
In up to 1 year	15.8	21.0
In over 1 and up to 5 years	1.6	1.4

23.2 Litigation

As at 31 March 2014, the Company, as an insurer, has been sued for damaged amounting to approximately Baht 411.9 million. The total sum insured covered by insurance policies is Baht 55.4 million. The outcomes of these cases have not yet been finalised. However, the Company has set aside reserve for its losses totaling Baht 53.7 million in the financial statements.

24. Approval of the interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 May 2014.